

ARKLA EXPLORATION CO.

IBLA 75-625

Decided September 22, 1975

Appeal from the rejection of high bids tendered for two parcels of land offered at a sale of competitive oil and gas leases.

Set aside and remanded.

1. Appeals -- Oil and Gas Leases: Competitive Leases

Where high bids, not clearly spurious or irresponsible, tendered at a competitive sale of oil and gas leases, are rejected solely on the statement of a field official that the bids are inadequate, and no basis whatever for that conclusion is reflected in the case record, the decision will be set aside and the case will be remanded for the compilation of a proper record and re-adjudication of the acceptability of the bids.

APPEARANCES: Robert Roberts III, Esq., Shreveport, La., for the appellant.

OPINION BY ADMINISTRATIVE JUDGE STUEBING

Arkla Exploration Company (Arkla) appeals from the May 8, 1975, decision of the Eastern States Office of the Bureau of Land Management rejecting Arkla's high bids for two tracts of land in the Fort Chaffee Military Reservation [Parcel No. 4 (ES 15190) and Parcel No. 5 (ES 15191)] submitted at a competitive oil and gas lease sale held on April 30, 1975.

Five tracts, designated Parcel Nos. 1 through 5, were offered at the sale. Appellant bid an identical amount on a "per acre" basis for each of the five tracts (\$151.51 per acre). Appellant's

bids were the highest submitted for four of the five tracts (Nos. 1, 2, 4 and 5), the total amounts for those four being, respectively, \$113,434.02, \$96,966.40, \$96,966.40 and \$96,966.40.

On May 1, 1975, the Oil and Gas Supervisor, Mid-Continent Area, Geological Survey, addressed a memo to the Chief, Branch of Minerals, Eastern States Office (BLM) in which he said:

This will confirm our oral statement that the high bids received for Parcels 1 and 2 are considered adequate and that we recommend they be accepted and that the high bids for Parcels 4 and 5 be rejected as inadequate.

No reasons were given for the Oil and Gas Supervisor's conclusion that appellant's bids for Parcel Nos. 1 and 2 were adequate while appellant's identical bids for Parcels 3 and 4 were inadequate.

The rejected bids are not so low as to be clearly spurious or unreasonable on their face. Moreover, in each instance competitors offered lower bids, so that it may not be said that appellant's bids were high because they were the only bids submitted. We are left to assume that the Oil and Gas Supervisor placed a higher per-acre value on Parcel Nos. 3 and 4 than he did on Parcel Nos. 1 and 2, but this is not stated, nor are any valuations given, nor is any explanation advanced as to the considerations which formed the basis for his recommendation.

The Eastern States Office simply accepted the recommendation and rejected the bids without further information and without inquiry.

In its statement of reasons for appeal Arkla has provided an analysis of the factors which it considered in determining what amounts it could properly bid, and it maintains that based upon sound engineering and economic analysis, as well as upon its unique position with respect to its other leases in the same field, its bids were not only adequate, but were higher than could reasonably be expected by another bidder. The record of bidding at the sale would tend to support this argument.

The decision appealed from is totally unsupported by the record, which affords no means by which the correctness of the decision can be judged on appeal. Appellant has requested a hearing, at which it proposes to submit further evidence in support of its assertion that its rejected bids are adequate. That request is denied at this time.

Instead, pursuant to the authority delegated to the Board of Land Appeals by the Secretary of the Interior, 43 CFR 4.1, the

decision appealed from is set aside and the case is remanded to the Eastern States Office for the compilation of a proper record and a re-adjudication of the acceptability of the bids.

Edward W. Stuebing
Administrative Judge

We concur:

Newton Frishberg
Chief Administrative Judge

Frederick Fishman
Administrative Judge

